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BOARD OF ASSESSORS
PARISH OF ORLEANS
NEW ORLEANS, LOUISIANA
FINANCIAL REPORT
DECEMBER 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-27-05

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

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**PEPPERMAN, EMBOULAS, SCHWARTZ & TODARO
L.L.C.**

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JOHN F. HARTMAN (1890-1967)
WILLIAM G. ALY (1901-1995)
EUGENE F. MONNIER (1905-1985)
EMILE A. ALT (1910-1989)
JAMES J. GALLAGHER, JR. (1918-1989)
JACOB F. PEPPERMAN (1927-1990)
WILFRED SCHWARTZ, RETIRED
MICHAEL S. HOOK (1954-1997)
LAWRENCE A. EMBOULAS, RETIRED

INDEPENDENT AUDITOR'S REPORT

Board Of Assessors, Parish Of Orleans

New Orleans, Louisiana

We have audited the accompanying basic financial statements of the BOARD OF ASSESSORS, , PARISH OF ORLEANS, NEW ORLEANS, LOUISIANA as of and for the year ended December 31, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Board Of Assessors management. Our responsibility is to express and opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Board Of Assessors, Parish Of Orleans, New Orleans, Louisiana, as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Board of Assessors has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2005, on our consideration of the Board Of Assessors, Parish Of Orleans, New Orleans, Louisiana, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as "Other Required Supplementary Information" is not a required part of the basic financial statements but has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pepperman, Embroslaw, Schwartz & Todaro, L.L.C.

Metairie, Louisiana
June 30, 2005

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Board Of Assessors, Parish Of Orleans, New Orleans, Louisiana annual financial report, provides the Board's narrative discussion and analysis of the financial activities of the Board's Office for the year ended December 31, 2004. The discussion focuses on the Board's basic financial statements which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

FINANCIAL HIGHLIGHTS:

The Board's assets exceeded its liabilities by \$1,264,385 (net assets) for the year ended December 31, 2004. This compares to the previous year when assets exceeded liabilities by \$39,366.

Total net assets are comprised of the following:

- (1) Capital assets of \$71,059 include property and equipment, net of accumulated depreciation.
- (2) Unrestricted net assets of \$1,193,326 represents amounts available to maintain the Board's continuing obligations to the citizens of Orleans Parish.

At the end of the current fiscal year, the fund balance of the General Fund amounted to \$1,193,326, or 35.9% of total General Fund current annual expenditures.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:

The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Board also includes in this report additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available. All applicable tables will present comparative data in calendar year 2005.

Government-wide Financial Statements:

The Board's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Board's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Board's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board as a whole is improving or deteriorating. Evaluation of the overall health of the Board would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Board's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Board's distinct activities or functions on revenues provided by the Board's taxpayers.

The government-wide financial statements are presented in Exhibit "A" and Exhibit "B" of this report.

Fund Financial Statements:

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Board used a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Board's only fund, the general fund.

The Board uses only one fund type:

Governmental funds are reported in the fund financial statements and encompasses essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Board's governmental funds. These statements report short-term accountability focusing on the use of spendable resources available at the end of the fiscal year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS: (Continued)

Fund Financial Statements: (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented in Exhibit "C" through Exhibit "F".

Notes To The Financial Statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements as titled in the Index.

FINANCIAL ANALYSIS OF THE BOARD OF ASSESSORS AS A WHOLE:

The Board Of Assessors implemented the new financial reporting model required by GASB 34 in this report beginning with the current calendar year ended December 31, 2004. Over time, as the Board accumulates year-to-year financial information on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Board as a whole.

The Board's net assets at fiscal year-end are \$1,264,385. The following table provides a summary of the Board's net assets:

Summary Of Net Assets

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>PERCENTAGE</u> <u>OF TOTAL</u>
Assets:		
Current Assets	\$1,713,439	96.0%
Capital Assets, Net Of Accumulated Depreciation	<u>71,059</u>	<u>4.0%</u>
Total Assets	<u>\$1,784,498</u>	<u>100.0%</u>
Liabilities:		
Current Liabilities	<u>\$ 520,113</u>	<u>100.0%</u>
Net Assets:		
Investment In Capital Assets	\$ 71,059	5.6%
Unrestricted	<u>1,193,326</u>	<u>94.4%</u>
Total Net Assets	<u>\$1,264,385</u>	<u>100.0%</u>

FINANCIAL ANALYSIS OF THE BOARD OF ASSESSORS AS A WHOLE: (Continued)

The Board maintains a strong current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 3 to 1.

The Board reported a positive balance in net assets for its governmental activities. Note that approximately 6% of the governmental activities' net assets are tied up in capital assets. The Board uses these capital assets to provide services to its citizens.

Since this is the first year in which government-wide information is available, comparative data is presented when available. In the future, the Board will accumulate comparative data and present this data to assist in financial analysis. The following data is presented on the accrual basis of accounting which means that all costs are presented, however, the purchase of capital assets is not included but depreciation on the capital assets is included.

The following table provides a summary of the Board's changes in net assets:

Summary Of Net Assets

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>PERCENTAGE</u> <u>OF TOTAL</u>
Revenue:		
Intergovernmental Revenue:		
Dedicated Millage	\$2,241,360	49.1%
Documentary Transaction Tax	621,065	13.7%
State Revenue Sharing	166,092	3.6%
Special Revenue - City Of New Orleans	1,500,000	32.9%
Charges For Services	29,403	.6%
Interest And Investment Earnings	4,722	.1%
Total Revenue	<u>\$4,562,642</u>	<u>100.0%</u>
Expenditures:		
Personal Services And Related Benefits	\$ 861,499	25.4%
Materials And Supplies	66,010	1.9%
Operating Services	553,340	16.3%
Allocations To The Orleans Parish		
Assessors' Districts	1,787,598	52.7%
Miscellaneous	58,109	1.8%
Capital Outlay	65,673	1.9%
Total Expenses	<u>\$3,392,229</u>	<u>100.0%</u>
Change In Net Assets	\$1,170,413	
Beginning Net Assets	<u>22,913</u>	
Ending Net Assets	<u>\$1,193,326</u>	

GOVERNMENTAL REVENUE:

The Board is heavily reliant on property taxes to support its operations. Dedicated Millage and Special Revenue received from the City Of New Orleans provided 82% of total revenues for the year. Because of the Board's positive financial position, cash has been invested and resulted in \$4,722 of interest earnings used to support activities of the Board. Also, note that charges for services cover less than 1% of governmental operating expenses. This means that property taxes fund almost 100% of the Board's activities. As a result, the general economy and local businesses have a major impact on the Board's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES:

The Board's operations are administrative in nature. Allocations to the seven District Assessors, for operation of their offices comprise 52% of the Board's budgeted expenses. Assessor and employee salaries make up 25% of budgeted expenses and the balance is used for other operating expenses needed for the efficient operation of the Board Of Assessors.

FINANCIAL ANALYSIS OF THE BOARD'S GENERAL FUND:

The General Fund is the Board's operating fund and the source of day to day operations. As discussed the General Fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as expenditure in the same year.

The total ending general fund balance is \$1,193,326 an increase of \$1,170,413 over the prior year. This increase is primarily the result of the events and programs described within the analysis of the Boards activities described above. Other key factors contributing to this change was the receipt of \$1,500,000 of Special Revenue received from the City Of New Orleans. These special revenues were one time payments from the City Of New Orleans and other

FINANCIAL ANALYSIS OF THE BOARD'S GENERAL FUND: (Continued)

tax recipient bodies for the acquisition of computer equipment and legal fees incurred to defend claims against the Board Of Assessors. The Board has a portion of its General Fund reserved for specific use in the future. This reservation amounted to \$446,147 at December 31, 2004. The unreserved General Fund Balance amounted to \$747,179 indicating availability for continued Board service requirements.

The following is a summary of intergovernmental revenue received by the Board Of Assessors:

	<u>2003</u>	<u>2004</u>	<u>PERCENT INCREASE (DECREASE)</u>
Intergovernmental Revenues:			
Dedicated Millage	\$2,037,592	\$2,241,360	10.0%
Documentary Transaction Tax	719,304	621,065	(13.6%)
State Revenue Sharing	147,249	166,092	12.7%
Charges For Services	12,801	29,403	129.7%
Special Revenue - City Of New Orleans	<u>---</u>	<u>1,500,000</u>	100.0%
 Total	 <u>\$2,916,946</u>	 <u>\$4,557,920</u>	 56.3%

Salaries and benefits increased from \$831,591 in 2003 to \$861,499 in 2004, which represents a 3.6% increase in total salary and benefit cost. This increase is the result of an increase in the Board's required pension contribution rate which presently is at 14.5% of covered payroll. Additionally, in June 2004 the Board elected to pay all required employee contributions of 8% as an additional benefit to all employees of the Board of Assessors. Capital outlay totaled \$65,673 as the Board has continued to upgraded computer equipment in the current year.

The General Fund ending balance is considered adequate, representing the equivalent of 35.8% of annual expenditures. It is necessary for the Board to maintain a strong financial position in order to cover cash flow needed due to an installation and implementation the Board's new computer system and the increase in unforeseen costs. The Board generally finances operations on a "pay as you go" system; therefore there is no outstanding long-term debt for capital purposes.

BUDGETARY HIGHLIGHTS:

The General Fund - Both the General Fund's original budget and 2004 actual expenditures were more than the actual amounts reported in calendar year 2003. This increase relates to the increase costs of employee benefits and capital expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital Assets:

The Board's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2004 was \$71,059. In 2004 depreciation expense amounted to \$11,067. The following table provides a summary of capital asset activity.

	<u>Capital Assets</u>	
	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2004</u>
Depreciable Assets:		
Furniture And Equipment	\$ 31,479	\$ 97,152
Less Accumulated Depreciation	<u>15,026</u>	<u>26,093</u>
Book Value - Depreciable Assets	<u>\$ 16,453</u>	<u>\$ 71,059</u>

Book Value of capital assets increased \$54,606 during the current year. As indicated above, the Board replaced its assets at a rate greater than that at which they were depreciating assets.

At December 31, 2004 the depreciable assets available for governmental activities were 27% depreciated. The total percentage of depreciated capital assets is relatively low, which means that additional resources will not be required to replace these capital assets in the near future.

Long-Term Debt:

At December 31, 2004 the Board had no long-term debt outstanding. The Board may issue general obligation debt to meet its capital needs but has elected to fund these costs on a "pay-as-you-go" basis. Financing capital on a current basis eliminates the deferral of capital costs to future periods.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT:

This financial report is designed to provide a general overview of the Board's finances, comply with finance-related laws and regulation, and demonstrate the Board's commitment to public accountability. If you have any questions about the contents of this report or would like to request additional information, please contact the Board Of Assessors, Parish Of Orleans, New Orleans, Louisiana at 4E01 City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112.

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

Exhibit "A"

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

ASSETS:

Cash And Cash Equivalents	\$ 161,479
Investments, At Cost	1,105,449
Taxes And Fees Receivable	426,415
Prepaid Expenses	20,096
Capital Assets, Net Of Accumulated Depreciation	<u>71,059</u>
 Total Assets	 <u>\$1,784,498</u>

LIABILITIES:

Accounts Payable:	
Trade	\$ 209,970
Taxes And Fees Payable	60,143
Revenue Anticipation Notes - Hibernia Bank	<u>250,000</u>
 Total Liabilities	 <u>\$ 520,113</u>

NET ASSETS:

Investment In Capital Assets	\$ 71,059
Net Assets - Unrestricted	<u>1,193,326</u>
 Total Net Assets	 <u>\$1,264,385</u>

See Accompanying Notes And Accountant's Report

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>EXPENSES</u>	<u>PROGRAM REVENUES CHARGES FOR SERVICES</u>	<u>NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES</u>
<u>Governmental Activities:</u>			
General Government	<u>\$3,337,623</u>	<u>\$ 29,403</u>	<u>(\$3,308,220)</u>
General Revenues:			
Intergovernmental Revenue:			
Dedicated Millage			\$2,241,360
Documentary Transaction Tax			621,065
State Revenue Sharing			166,092
Special Revenue - City Of New Orleans			1,500,000
Interest And Investment Earnings			<u>4,722</u>
Total General Revenues			<u>\$4,533,239</u>
Changes In Net Assets			\$1,225,019
Net Assets - January 1, 2004			<u>39,366</u>
Net Assets - December 31, 2004			<u>\$1,264,385</u>

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

Exhibit "C"

BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2004

ASSETS:

Assets:	
Cash And Cash Equivalents	\$ 161,479
Investments, At Cost	1,105,449
Taxes And Fees Receivable	426,415
Prepaid Expenses	<u>20,096</u>

Total Assets	<u>\$1,713,439</u>
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LIABILITIES AND FUND BALANCE:

Liabilities:	
Accounts Payable:	
Trade	\$ 209,970
Taxes Payable	60,143
Revenue Anticipation Notes - Hibernia Bank	<u>250,000</u>

Total Liabilities	\$ 520,113
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FUND BALANCE:

Reserved For Encumbrances	\$ 446,147
Unreserved	<u>747,179</u>

Total Fund Balance	<u>1,193,326</u>
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Total Liabilities And Fund Balance	<u>\$1,713,439</u>
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See Accompanying Notes And Accountant's Report

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

Exhibit "D"

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004

Total Fund Balance For The Governmental Fund At December 31, 2004	\$1,193,326
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Total Amounts Reported For Governmental Activities
In The Statement Of Net Assets Is Different Because:

Capital Assets Used In Governmental Activities Are Not
Financial Resources And, Therefore, Are Not Reported
In The Funds. Those Assets Consist Of:

Vehicles, Furniture And Equipment, Net Of \$11,067 Accumulated Depreciation	<u>71,059</u>
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Total Net Assets Of Governmental Activities At December 31, 2004	<u>\$1,264,385</u>
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See Accompanying Notes And Accountant's Report

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

Exhibit "E"

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

REVENUE:

Intergovernmental Revenues:	
Dedicated Millage	\$2,241,360
Documentary Transaction Tax	621,065
State Revenue Sharing	166,092
Charges For Services	29,403
Special Revenue - City Of New Orleans	1,500,000
Interest And Investment Earnings	<u>4,722</u>

Total Revenue	<u>\$4,562,642</u>
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EXPENDITURES:

General Government:	
Current:	
Personal Services And Related Benefits	\$ 861,499
Operating Services	553,340
Materials And Supplies	66,010
Miscellaneous	58,109
Allocations To Orleans Parish Assessors' Districts	1,787,598
Capital Outlay	<u>65,673</u>

Total Expenditures	<u>\$3,392,229</u>
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EXCESS (DEFICIENCY) OF <u>REVENUE OVER EXPENDITURES</u>	\$1,170,413
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<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>22,913</u>
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<u>FUND BALANCE AT END OF YEAR</u>	<u>\$1,193,326</u>
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See Accompanying Notes And Accountant's Report

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

Exhibit "F"

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Total Net Changes in Fund Balance At December 31, 2004 Per Statement Of Revenue, Expenditures And Changes In Fund Balances	\$1,170,413
The Change In Net Assets Reported For The Governmental Activities In The Statement Of Activities Is Different Because:	
Add: Capital Outlay Costs Which Are Considered As Expenditures On Statement Of Revenue, Expenditures And Changes In Fund Balances, Assets Consist Of:	65,673
Less: Depreciation Expense For The Year Ended December 31, 2004	(<u>11,067</u>)
Total Net Changes In Fund Balance Of Governmental Activities At December 31, 2004	<u>\$1,225,019</u>

See Accompanying Notes And Accountant's Report

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES:

INTRODUCTION:

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, there shall be seven district assessors in New Orleans who shall compose the Board Of Assessors for Orleans Parish. One Assessor shall be elected from each municipal district of New Orleans to serve a four year term. The assessors assess property, prepare tax rolls, and submit the rolls to the Louisiana Tax Commission as prescribed by law.

The Board Of Assessors' office is located on the 4th floor of the Orleans Parish City Hall, 1300 Perdido Street in New Orleans, Louisiana. Louisiana Revised Statute R.S. 47:1909 states that the governing authority of the city of New Orleans shall provide suitable rooms in the city hall for the use of the assessor of each municipal district and for the use of the Board of Assessors. Therefore, the upkeep and maintenance costs of the Board's office are not included in the accompanying financial statements.

The Board of Assessors, Parish of Orleans (board) is, comprised of the seven Orleans Parish assessors. R.S. 47:1909 provides that the assessors elected in the Parish of Orleans shall constitute a board of assessors for the parish and each assessor shall independently exercise his functions in the assessing and listing of the property in and for his respective district within the parish. The Board Of Assessors is an administrative body for the Orleans Parish assessors and their seven municipal districts.

In accordance with Louisiana law, the assessors base real and movable property assessments on conditions existing on January 1 of the tax year. The assessors complete an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the assessors submit the assessment roll to the parish tax collector, who is responsible for collecting and distributing taxes to the various taxing bodies.

A special taxing district was created by the legislature for the purpose of funding the Board Of Assessors. The board's primary revenue is ad valorem taxes collected by the New Orleans Department of Finance - Bureau of Treasury (city tax collector) from the assessment tax rolls of the parish. The seven Orleans Parish assessors receive an allotment from the board on a pro-rata basis based on size and activity in each district for operation of their offices. The remaining funds of the board are used to pay the assessors' salaries and fringe benefits and administrative expenses of the board.

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

At December 31, 2004, real property and movable property assessments totaled \$1,376,830,484 and \$530,953,413, respectively. This represents an increase of \$202,359,428 in the total value of assessments. The increase in total tax assessments was caused primarily by the increasing value of real property assessments in the parish during the year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A) BASIS OF PRESENTATION:

The accompanying basic financial statements of the Board Of Assessors, Parish Of Orleans, have been prepared in conformity with governmental accounting principles generally accepted in the United States Of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

B) REPORTING ENTITY:

As the governing authority of the parish, for reporting purposes, the City Of New Orleans is the financial reporting entity for Orleans Parish. The financial reporting entity consists of (a) the primary government (the City Of New Orleans), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City Of New Orleans for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B) REPORTING ENTITY: (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City does not appoint the Board Of Assessors, does not provide funding (other than the use of facilities), or have control over the Board, the Board has determined that the Board is not a component unit of the City of New Orleans. The accompanying financial statements present information only on the funds maintained by the Board and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity of the City of New Orleans.

C) FUND ACCOUNTING:

The Board Of Assessors uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds account for all or most of the Board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the Board. The following are the Board's governmental funds:

General Fund. The General Fund, (known as the Board's Salary and Expense Fund) is the principal fund of the Board Of Assessors and accounts for the operation of the Board's office. Funds received from ad valorem tax revenues are accounted for in this fund. General operating expenditures are paid from this fund.

D) MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (Exhibit "A") and Statement of Activities (Exhibit "B") display information about the Board as a whole. These statements include all the financial activities of the Board Of Assessors. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting.

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D) MEASUREMENT FOCUS/BASIS OF ACCOUNTING: (Continued)

Program Revenues. Program revenues included in the Statement of Activities (Exhibit "B") are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Board's general revenues.

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Fund Statements (Exhibit "C" and Exhibit "D") are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Board Of Assessors' operations.

The amounts reflected in the Governmental Fund Statements (Exhibit "C" and Exhibit "D") use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

Revenues. Revenues are recorded as received in cash except for the accrual of dedicated millage and documentary transaction tax which was collected by the City Tax Collector but not remitted to the Board as of the year end. Interest and investment earnings are recognized when earned.

Expenditures. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E) BUDGET PRACTICES:

The proposed budget for the year beginning January 1, 2004 and ending December 31, 2004 was published in the Times-Picayune newspaper on December 13, 14 and 15, 2003. The proposed budget was legally adopted by the Board Of Assessors on December 8, 2003.

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E) BUDGET PRACTICES: (Continued)

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budgeted amounts. The budget is adopted on the cash basis, therefore, adjustments were made on Exhibit "G" for comparison purposes to the budgeted amounts.

The Board Of Assessors utilizes the traditional budget preparation method of budgeting for its financial plan. Revenues projected for 2004 were estimated based on millage collections allocated to the Board Of Assessors for 2004, which collections were predetermined to approximate prior years revenues. Expenditures of prior years are considered when preparing the budget for the current year. The right to make changes in the adopted budget is reserved solely to the Board Of Assessors.

F) CASH AND CASH EQUIVALENTS:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The Board Of Assessors considers all highly liquid debt instruments, time deposits and those investments with original maturities of 90 days or less to be cash equivalents. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

Investments are limited by Louisiana Revised Statute R. S. 33:2955 and include certificates of deposit and Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at market value. Interest is accrued as earned.

G) CAPITAL ASSETS:

Capital assets are capitalized at historical cost. The Board Of Assessors maintains a threshold level of \$1,000 or more for capitalizing capital assets. Capital assets are recorded in the Statement of Net Assets and Statement of Activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture And Equipment	5

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H) COMPENSATED ABSENCES:

Employees of the Board Of Assessors are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Board's policy is to recognize the costs of compensated absences when actually paid to employees.

I) ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J) RESERVATION OF FUND BALANCE:

The Board records reservations for portions of fund equity which are segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the general fund.

NOTE 2 - LEVIED TAXES:

The following is a summary of authorized and levied property taxes:

	<u>AUTHORIZED MILLAGE</u>	<u>LEVIED MILLAGE</u>
Board's Salary And Expense Fund	<u>1.19</u>	<u>1.19</u>

NOTE 3 - CASH AND CASH EQUIVALENTS:

The following is a summary of cash and cash equivalents at December 31, 2004 and related collateral in the form of federal deposit insurance and pledged securities (GASB Category 1).

NOTE 3 - CASH AND CASH EQUIVALENTS: (Continued)

Cash And Cash Equivalents:

Cash	\$	167
Demand Deposits - Bank One, Louisiana, NA		<u>161,312</u>
		<u>\$161,479</u>

Collateral:

Federal Deposit Insurance	\$	100,000	
Pledged Securities		<u>1,219,024</u>	<u>\$1,319,024</u>

Uninsured Balance	\$	<u>---</u>
-------------------	----	------------

These deposits are stated at cost which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to both parties.

NOTE 4 - INVESTMENTS:

Investments include amounts in interest-bearing securities invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool, which are stated at cost. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized into the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S.

NOTE 4 - INVESTMENTS: (Continued)

government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2004, the Board Of Assessors, held investments totaling \$1,105,449 as follows:

	<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
Louisiana Asset Management Pool	<u>\$1,105,449</u>	<u>\$1,105,449</u>

The investments are in the name of the Board Of Assessors and are held at the Board's office.

NOTE 5 - GENERAL FIXED ASSET - ACCOUNT GROUP:

Capital assets and depreciation activity as of and for the year ended December 31, 2004, is as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BALANCE JANUARY 1, 2004</u>	<u>ADDITIONS</u>	<u>(DELETIONS)</u>	<u>BALANCE DECEMBER 31, 2004</u>
Furniture And Equipment	\$31,479	\$65,673	\$ ---	\$97,152
Less Accumulated Depreciation: Furniture And Equipment	<u>15,026</u>	<u>11,067</u>	<u>---</u>	<u>26,093</u>
Capital Assets, Net	<u>\$16,453</u>	<u>\$54,606</u>	<u>\$ ---</u>	<u>\$71,059</u>

NOTE 6 - RISK MANAGEMENT:

The Board Of Assessors is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Board Of Assessors is covered by commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 7 - BUDGET-ACTUAL COMPARISON:

As stated in the Summary Of Significant Accounting Policies, the Board Of Assessors does not use formal budgetary integration as a management control device during the year.

Actual revenues that failed to meet budgeted amounts by more than 5% are as follows:

	<u>(UNFAVORABLE) VARIANCE</u>
Documentary Transaction Tax	(14.9%)
Interest And Investment Earnings	(57.1%)

The unfavorable variance in Documentary Transaction Tax Revenue is due to the decline in the collection of this tax by the City Of New Orleans. The Documentary Transaction Tax is levied on each real estate transaction in the Parish. Historically, there has been an increase in this revenue source and the decline was not anticipated at the time the budget was prepared. The unfavorable variance in interest and investment earnings is a result of the decrease in the interest rate on short term investments.

Actual expenditures that exceeded budgeted amounts by more than 5% are as follows:

	<u>(UNFAVORABLE) VARIANCE</u>
Personal Service And Related Benefit	(10.8%)
Operating Services	(38.5%)

The unfavorable variance related to Personal Service And Related Benefits is due to increases in salaries and related retirement contributions. The unfavorable variance related to Operating Services is due to payments of legal fees as outlined in Note 13. Neither of these additional expenditures were anticipated at the time of budget preparation.

NOTE 8 - SOFTWARE LICENSE CONTRACTS:

On September 24, 2003 the Board Of Assessors signed a Software License Contract with Cole Layer Trumble Company of Dayton, Ohio, hereinafter referred to as CLT, to provide software and professional services required for a Computerized Mass Appraisal, Assessment Administration and Personal Property System. CLT is to provide the professional services required to customize, tailor, enhance and implement this system. Subject to full payment of obligations under this agreement CLT will grant to the Board Of Assessors; Cole Layer Trumble Licensed Software referred to as IAS Software, IAS Source Code, related documentation, any improvements, additions or modifications together with the right to make copies of the software as may be required for the internal use of the Board Of Assessors. Additionally, CLT shall grant to the Board Of Assessors a sub-license to use the Oracle Products (RDBMS) Software needed for the operation of the system. Support of IAS Modules and Oracle Annual Technical Support is included through the term of this agreement which ends December 31, 2005. Total amounts due to CLT for the complete performance under this agreement amounts to \$992,590. As per the agreement, an initial payment for software licenses of \$380,170 is required and twenty-five (25) monthly payments of \$24,500.

The remaining commitments under this software license contract are as follows:

2005	\$294,000
2006	\$24,420

During the year payments totaling \$294,000 were made under this agreement and included in expenditures as Operating Services.

NOTE 9 - SPECIAL REVENUE - CITY OF NEW ORLEANS:

The following is a summary of amounts included as Special Revenue - City Of New Orleans at December 31, 2004:

1. Reimbursement from other tax recipient bodies for their proportionate share of the cost of the Computerized Mass Appraisal, Assessment Administration and Personal Property System to be installed in and for the use of the Board Of Assessors. \$1,200,000

NOTE 9 - SPECIAL REVENUE - CITY OF NEW ORLEANS: (Continued)

2. Reimbursement from the City for Legal fees incurred by the Board Of Assessors for which the City was obligated to pay on the Board's behalf.	<u>300,000</u>
	<u>\$1,500,000</u>

NOTE 10 - SHORT-TERM DEBT:

Short-term debt is comprised of Revenue Anticipation Notes which were issued by the Board Of Assessors, authorized under Law and approved by the Louisiana State Bond Commission. The principal of the Notes is secured by and payable from a pledge of the statutory reimbursement revenues from the tax recipient agencies due in January 2005. Such funds shall be and are dedicated for the payment in full of the principal of the Notes. The borrowing is evidenced by Grant Anticipation Notes, Series 2004, which bear interest from the date thereof at a rate or rates not to exceed The Wall Street Journal Prime Rate per annum, and to mature on or before April 15, 2005. The maximum borrowing available on The Master note is \$1,000,000. The Board has only taken one draw of \$250,000 as evidenced by the Hibernia National Bank Disbursement Note dated December 22, 2004. The following is a schedule of the changes in short-term debt:

	BALANCE JANUARY 1, 2004	BORROWINGS	REPAYMENTS	BALANCE DECEMBER 31, 2004
Revenue Anticipation Notes, Series 2004 - Hibernia National Bank	\$ <u>-0-</u>	<u>\$250,000</u>	\$ <u>-0-</u>	<u>\$250,000</u>

NOTE 11 - PENSION PLAN:

Plan Description:

Substantially all employees of the Board Of Assessors are members of the Louisiana Assessors Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

NOTE 11 - PENSION PLAN: (Continued)

Plan Description: (Continued)

All full-time employees who are under the age of 60 at the time of original employment and who are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or who retire at or after age 50 with at least 30 years of credited service, are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and who do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessors' Retirement System, Post Office Box 14699, Baton Rouge, Louisiana 70898, or by calling (225)928-8886.

Funding Policy:

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Board Of Assessors is required to contribute at an actuarially determined rate. The current rate is 14.50 percent of annual covered payroll. Contributions to the System also include one percent of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Board Of Assessors, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Board Of Assessors' contributions to the System for the years ending December 31, 2004, 2003 and 2002, were \$129,713, \$98,051, and \$74,428, respectively, equal to the required contributions for each year.

NOTE 12 - POST RETIREMENT COMMITMENTS:

The Board Of Assessors provides certain continuing health care and life insurance benefits for retired employees. Substantially all of the Board's employees may become eligible for those benefits if they reach normal retirement age while working for the Board. The cost of the retiree health care and life insurance benefits is recognized as expenditures as monthly premiums are paid. For 2004, those costs totaled \$5,039. Currently, there is one retiree receiving benefits.

NOTE 13 - CONTINGENCY:

On March 4, 2005, the Board Of Assessor's agreed and settled a claim for legal fees and related costs in the amount of \$175,000. The claim originated from legal services provided by Salvador Anzelmo to the Board Of Assessors. The claim for \$175,000 has been recognized as an expenditure for the year ended December 31, 2004 and is included as Operating Services.

Board Of Assessors
Parish Of Orleans
New Orleans, Louisiana

Exhibit "G"

	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUE:</u>	
Intergovernmental Revenues:	
Dedicated Millage	\$ 48,323
Documentary Transaction Tax	(108,785)
State Revenue Sharing	18,842
Charges For Services	29,403
Special Revenue - City Of New Orleans	308,280
Interest And Investment Earnings	(6,278)
Total Revenue	<u>\$ 289,785</u>
<u>EXPENDITURES:</u>	
Current:	
Personal Service And Related Benefits	(\$ 84,499)
Materials And Supplies	(10)
Allocation To Orleans Parish Assessors	12,402
Miscellaneous	(109)
Operating Services	(153,840)
Depreciation	---
Capital Outlay	<u>834,327</u>
Total Expenditures	<u>\$ 608,271</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>\$ 898,056</u>
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>---</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 898,056</u>
<u>EXPLANATION OF DIFFERENCES:</u>	
(1) Capital Assets Are Recognized For Recognized Over The Life Of The Assets	<u>\$71,059</u>
Net Increase In Fund Balance - Beginning	<u>\$71,059</u>

**PEPPERMAN, EMBOULAS, SCHWARTZ & TODARO
L.L.C.**

S. IRVIN TODARO
WILLIAM C. ABADIE, JR.
JAMES M. KOLWE
LUCILLE M. HESS
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JOHN F. HARTMAN (1890-1967)
WILLIAM G. ALY (1901-1995)
EUGENE F. MONNIER (1905-1985)
EMILE A. ALT (1910-1989)
JAMES J. GALLAGHER, JR. (1918-1989)
JACOB F. PEPPERMAN (1927-1990)
WILFRED SCHWARTZ, RETIRED
MICHAEL S. HOOK (1954-1997)
LAWRENCE A. EMBOULAS, RETIRED

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board Of Assessors, Parish Of Orleans

New Orleans, Louisiana

We have audited the basic financial statements of the Board Of Assessors, Parish Of Orleans, New Orleans, Louisiana, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Board Of Assessors, Parish Of Orleans, New Orleans, Louisiana, basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, and is described in the accompanying schedule of findings and questioned costs as item 2004-01-02.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Board Of Assessors, Parish Of Orleans, New Orleans, Louisiana, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. These reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2004-01-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses.

This report is intended solely for the use of the Board Of Assessors, Parish of Orleans, New Orleans, Louisiana, its management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pepperman, Erbe, Schwartz & Todaro, L.L.C.

Metairie, Louisiana
June 30, 2005

Board Of Assessors, Parish Of Orleans
New Orleans, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2004

We have audited the financial statements of the Board of Assessors, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2004 resulted in an unqualified opinion.

1. Summary of Independent Auditor's Results

- | | |
|---|----------------|
| a. Reportable conditions in internal control were disclosed by the audit of the financial statements: | Yes |
| Material weaknesses: | No |
| b. Noncompliance which is material to the financial statements: | Yes |
| c. Reportable conditions in internal control over major programs: | Not Applicable |
| Material weaknesses: | Not Applicable |
| d. The type of report issued on compliance for major programs: | Not Applicable |
| e. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: | Not Applicable |
| f. Major programs: | Not Applicable |
| g. Dollar threshold used to distinguish between Type A and Type B programs: | Not Applicable |
| h. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: | Not Applicable |
| i. A management letter was issued: | No |

2. Findings Relating to the Financial Statements Reported
In Accordance With Government Auditing Standards

Reference Number: 2004-01

Fiscal Year Finding Initially Occurred: 2004

Description of Finding:

The Board Of Assessors failed to comply with Louisiana audit and reporting laws. Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide require that all engagements be completed and transmitted to the Legislative Auditor within six months of the close of the entity's fiscal year. Although all field work was completed on or before the required completion date of June 30, 2005 there were unexpected administrative delays in transmitting the report to the Legislative Auditor within the prescribed filing period.

Corrective Action Taken: Yes

Planned Corrective Action/
Corrective Action Taken:

The basic financial statements are in the process of being reviewed and will be transmitted to the Legislative Auditor as soon as possible.

Management's Response:

We concur with the above findings and recommendations.

Reference Number: 2004-02

Fiscal Year Finding Initially Occurred: 2004

Description Of Findings:

Budget Amendment - During our audit we noted that expenditures for Personal Service and Related Benefits and Operating Services exceeded budgeted amount for those line items by more than 5%. The Board did not amend its budget for these unexpected expenditures. Louisiana Revised Statute 39:1310 requires that the governing body amend its budget when total actual expenditures exceed total budgeted expenditures by 5% or more. Although these particular line items exceeded this 5% threshold, total actual expenditures did not exceed total budgeted expenditures by more than 5% for the year. If the Board had amended its budget to reflect changes within the line items of its budget there would not have been any unfavorable variances.

Corrective Action Taken (Yes, No, Partially): No

Planned Corrective Action/
Corrective Action Taken:

We recommend that the Assessor monitor its budget on a monthly basis so that line item variances can be identified on a more timely basis. Once unfavorable variances are identified the Board should amend its budget in order to comply with state budget laws.

Management's Response:

We concur with the above findings and recommendations.

3. Findings and Questioned Costs Relating To Federal Awards

Not applicable.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2004

1. Findings Relating To the Financial Statements Reported
In Accordance With Government Auditing Standards

Reference Number: 2003-1

Fiscal Year Finding Initially Occurred: 2003

Description Of Finding:

Budget Amendment - During our audit we noted that total actual expenditures exceeded budgeted amount by 13.6%. The Board of Assessors did not amend its budget for unexpected expenditures. Louisiana Revised Statute 39:1310 requires that the governing body amend its budget when total actual expenditures exceed total budgeted expenditures by 5% or more. Although this resulted in a deficit for the current year, it did not create a deficit fund balance.

Corrective Action Taken (Yes, No, Partially): Partially

Planned Corrective Action/
Corrective Action Taken:

We recommended that the Board Of Assessors monitor its budget on a monthly basis so that variances could be identified on a more timely basis. Once unfavorable variances were identified the Board should have amended its budget in order to comply with state budget laws. There are indications that the Board has monitored its budget on a more timely basis, however, no amendments were made to the originally adopted amounts. This finding is considered only partially resolved because although total actual expenditures did not exceed total budgeted amounts by more than 5%, there were some line items that did exceed this threshold. Therefore, it is our recommendation that the Board amend its budget to account for line item transfers. If the Board had made these amendments during the year they would have been in strict compliance with the state budget laws.

2. Internal Control And Federal Compliance

Not applicable.

3. Management Letter

No management letter comments reported.